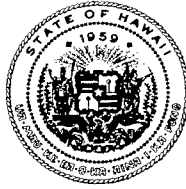


LINDA LINGLE
GOVERNOR

DIRECTOR'S OFFICE
DEPT. OF
TRANSPORTATION

2008 JUL 28 P 1:15



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
400 Rodgers Boulevard, Suite 700
Honolulu, Hawaii 96819-1880

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:

AIR-PM
08.0496

July 25, 2008

TO: (1) DIR (BRENNON T. MORIOKA) *BT*
(2) DLNR (LAURA H. THIELEN) C/O ADALINE CUMMINGS
(3) AIR-PM (ROSS SMITH)

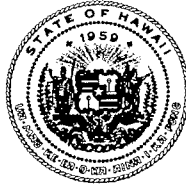
FROM: DEP-A (BRIAN H. SEKIGUCHI) *pm H Sekiguchi*

SUBJECT: LAND BOARD SUBMITTAL
CONSENT TO SUBLEASE
RESTAURANT & LOUNGE CONCESSION
VOLUME SERVICES, INC. DBA CENTERPLATE TO
SHAKANET, INC. AND UNCLE MILES KITCHEN LLC
HILO INTERNATIONAL AIRPORT AND KONA INTERNATIONAL
AIRPORT AT KONA

Attached is the subject submittal for your approval. Please place on the next Land Board agenda.

If there are any questions, please call Sandy Gillis at 838-8075.

Attachment



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION**
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

CONSENT TO SUBLEASE RESTAURANT AND LOUNGE
CONCESSION VOLUME SERVICES, INC. dba CENTERPLATE
TO SHAKANET, INC. AND UNCLE MILES KITCHENS LLC
HILO INTERNATIONAL AIRPORT AND KONA INTERNATIONAL
AIRPORT AT KEAHOLE.

HILO AND KONA

The Department of Transportation (DOT) is seeking the Board's approval to consent to two subleases between the concessionaire under the Restaurant and Lounge Concession Agreement at Hilo International Airport and Kona International Airport and Shakanet, Inc. and Uncle Miles Kitchens LLC.

PURPOSE:

To sublease a portion of the concession premises.

LEGAL REFERENCE:

Chapters 102 and 171, Hawaii Revised Statutes, as amended.

LESSEE/SUBLESSOR (APPLICANT):

Volume Services, Inc. dba Centerplate

SUBLEASE:

Shakanet, Inc., a Disadvantaged Business Enterprise (DBE)
Uncle Miles Kitchens LLC, a Disadvantaged Business Enterprise (DBE)

LOCATION AND TAX MAP KEY:

Hilo International Airport, Island of Hawaii
3rd Division – 2-1-12:Por. of 12

Kona International Airport, Island of Hawaii
3rd Division – 7-5-03:Por. of 71

ZONING:

Hilo: State Land Use: UrbanCounty: Industrial (ML20)
Kona: State Land Use: UrbanCounty: Industrial (MG1a)

LAND TITLE STATUS:

Hilo: Section 5 (b), Hawaii Admission Act: Ceded
DHHL 30% entitlement lands: Yes ___ No X

Kona: Section 5 (b), Hawaii Admission Act: Ceded
DHHL 30% entitlement lands: Yes ___ No X

CONCESSION AGREEMENT TERM AND PREMISES:

Concession Agreement No. DOT-A-07-0012, for the restaurant and lounge concession at Hilo International Airport and Kona International Airport for ten (10) years commencing on December 1, 2007, and ending on November 30, 2017. Premises are as follows:

Hilo International Airport

Departure Terminal Bldg. 307, Space No. 121,121A and 145B.

Kona International Airport at Keahole

Main Terminal Bldg. 309, Space No. 101 and 102.
Main Terminal Bldg. 325, Space No. 101.
Maintenance Bldg. 331, Space No. 105
Ground Transportation Bldg. 344, Space No. 115, 116 and 118A

SUBLEASE TERM AND PREMISES:

Term commences on December 1, 2007, and continues through the end of the Concession Agreement term, November 30, 2017.

Premises are comprised of Bldg. 344, Space No. 115, 116 and 118A. Kiosks within a portion of the airport for internet access (proposed).

USE:

Sell, service and dispense of food and beverages of only products provided by the Concession Agreement and Kiosks will provide wired, wireless and internet access.

CONCESSION FEE

The Concession fee shall be the greater of the minimum annual guarantee or percentage fees provided by the Concession Agreement which vary by airports for alcohol, restaurant and internet access.

SUBLEASE FEE:

ShakaNet, Inc. shall pay to Concessionaire commissions equal to 15% and 20% of Subcontractor's gross receipts for services provided at Hilo International Airport and Kona International Airport. Uncle Miles Kitchens LLC shall pay to Concessionaire commissions equal to 30% of Subcontractor's gross receipts.

IMPROVEMENTS:

The Concessionaire is required to invest a minimum total of \$450,000.00 for Hilo International Airport and \$1,450,000.00 for Kona International Airport at Keahole for improvements. The spaces for Uncle Miles Kitchens LLC are part of the Concessionaire's spaces. Kiosk will be deemed part of the premises of the Concession Agreement.

REMARKS:

ShakaNet, Inc, and Uncle Miles Kitchens LLC are Disadvantaged Business Enterprises (DBE), as defined in the Code of Federal Regulations, Title 49, Part 23, Subpart F and have been certified by DOT. Pursuant to federal law and DOT policy, DOT's goal, as defined in the Concession bid documents, is to encourage DBE participation.

BLNR – Consent to Sublease - Volume Services, Inc.
dba Centerplate to Shakanet, Inc. and Uncle Miles Kitchens LLC
ITO and KOA
Page 4

RECOMMENDATION:

That the Board authorizes the DOT to consent to the sublease as hereinabove outlined and to: (1) the terms and conditions hereinabove outlined; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State; and (3) the review and approval of the Department of the Attorney General's Office as to the Agreement form and consent.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'B. Morioka', with a stylized flourish at the end.

BRENNON T. MORIOKA, Ph.D., P.E.
Director of Transportation

APPROVED FOR SUBMITTAL:

LAURA H. THIELEN
Chairperson and Member